

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

**SUPPLEMENTAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 15
(March 18, 1998)**

On March 9, 1998, Presiding Officer's Information Request No. 15 was directed to the United States Postal Service. On March 13, 1998, the Postal Service filed a partial response to this POIR which confirmed the existence of errors in two previously filed documents:

- USPS Library Reference H-77 (which was incorporated into the direct testimony of USPS witness Marc Smith (USPS-ST-45); and
- Appendix One of the USPS Partial Response to ANM/USPS-1 through 17 (Tr. 19A/8575-76), which pertains to USPS LR-H-77.

The aforementioned March 13, 1998, partial response also indicated that a supplemental response to the POIR -- accompanied by corrections to USPS LR-H-77 and Appendix One -- would be filed no later than March 18, 1998.

The Postal Service hereby files the supplemental response to POIR No. 15 which explains the (USPS LR-H-77 and Appendix One) errors and indicates how they have been corrected. To complement this explanation, the Postal Service also is filing today corresponding revisions to USPS LR-H-77 and Appendix One.

POIR No. 15 is stated verbatim and is followed by the supplemental response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

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March 18, 1998

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OF UNITED STATES POSTAL SERVICE WITNESS SMITH
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1. Please refer to USPS LR-H-77, Part I at page 3, and to Appendix One of the Partial Response of the USPS to ANM/USPS-1-17, as Directed by Presiding Officer's Ruling No. R97-1/69.

Please provide the calculations, using the formulae shown in Appendix One, which develop the Base Year mail processing piggyback costs for segment 11 cleaning and protection costs shown in LR-H-77, Part 1, page 3 at column 14. Show the derivation and calculation of all variables used in the formula shown in Appendix One.

Response:

As indicated in the March 13, 1998 partial response to this POIR, in reviewing the materials pertinent to this question (and question 2 of this POIR as well), we found errors in both USPS-LR-H-77 and Appendix One (Tr. 19A/8575-76) which relate to the calculation for base year and test year piggyback factors. The errors and the corrections to these errors are described in response to question 2 of this POIR. The discussion below pertains to USPS LR-H-77 (as revised on March 18, 1998) and Appendix One (as revised on March 18, 1998). The calculations using formula in the unrevised Appendix One are also described as well.

There are three steps to the calculation of the portion of segment 11 cleaning and protection costs that go into the mail processing piggybacks in revised formula (d1) of Appendix One of the Partial Response of the USPS to

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ANM/USPS-1-17.¹ The first step calculates that portion of cleaning and protection costs associated with space that is used by mail processing operations. The second step determines the portion of cleaning and protection costs associated with employee facilities space used by mail processing related labor. The third step determines the portion of cleaning and protection costs associated with office space used by mail processing related labor. These three steps correspond to the three terms of Equation (d1) from the revised Appendix One shown below:²

$$\{(a) \times \text{line 52}\} + \{(a) \times \text{DK1}\} + \{(a) \times \text{DK5}\}.$$

If we rearrange these terms, as follows,

$$(a) \times \{\text{line 52} + \text{DK1} + \text{DK5}\},$$

and substitute for the terms in the above equation using the formulas from the revised Appendix One, we obtain the following:

$$= (\text{N074/D1099}) \times \{ 1097 + ((\text{line 12} + \text{line 13} + \text{line 14}) \times (\text{N1047/D947})) + ((\text{line 3} + \text{line 13} + \text{line 14}) \times (\text{N1044/D944})) \}.$$

As indicated below, the "line number" variables in these formulas are as defined in Appendix One.³ The remaining variables, which are component

¹The separately filed errata for Appendix One of the Partial Response of the USPS to ANM/USPS-1-17 indicate that formula (d1) should be corrected to replace "line 53" with "line 52" and formula (d2) should be corrected to replace "line 59" with "line 58." In addition, in formulas (a1) and (a2), the term "direct cost component(s)" should be corrected to read "(line 12 + line 13 + line 14)." Finally, in formulas (c1) and (c2), the term "direct cost component(s)" should be corrected to read "(line 3 + line 13 + line 14)."

²Note that there are no VMF space costs assigned to mail processing because mail processing related labor personnel do not use these facilities. VMF space costs require a fourth term, as shown in revised Appendix One.

³The March 18, 1998 revision to Appendix One does not change the "line number" definitions.

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numbers, are from witness Alexandrovich, USPS-T-5, as indicated below. All of these variables are described below as follows:

- line 12 Mail processing related labor costs by product, as defined in Appendix One, are the sum of the lines 1 to 11.⁴ This is calculated in column 11 on revised page 3 of USPS LR-H-77.
- line 13 Higher level supervision costs associated with mail processing by product, as indicated in Appendix One. This is calculated in column 12 on revised page 3 of USPS LR-H-77.
- line 14 General office and clerical costs associated with mail processing by product, as indicated in Appendix One. This is calculated in column 13 on revised page 3 of USPS LR-H-77.
- line 3 Quality control clerk costs associated with mail processing by product, as indicated in Appendix One. This is calculated in column 4 on revised page 2 of USPS LR-H-77.
- 1097 Percentage of space used, by product, for mail processing functions. (See USPS-LR-5, page 207, for the list of space categories contained in mail processing. These factors are contained in the workpapers of witness Alexandrovich (USPS-T-5). See Workpaper A-3, pages 27 to 46.)
- D1099 Total percentage of space used by all functions, 100%. (See Alexandrovich WP A-3, page 46.)
- N1047 Total percentage of space used by employee facilities. (See Alexandrovich WP A-3, page 42.)
- N074 Total accrued cleaning and protection costs. (See Exhibit USPS-T-5A, page 36.)
- D947 Total accrued cost for employees (using employee facilities space), as per the employee facilities space distribution key. (See USPS LR-H-5, page 186, for the list of employee costs included in the employee facilities distribution key.)

⁴ The component numbers shown in revised Appendix One are detailed in USPS LR-H-5, Section 2.

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- N1044 Total percentage of space used by offices located at plants and post offices. (See Alexandrovich WP A-3, page 42.)
- D944 Total accrued cost for employees (using office space), as per the office space distribution key. (See USPS LR-H-5, page 185, for the list of employee costs included in the office space distribution key.)⁵

An example of the revised calculation of cleaning and protection costs for the base year mail processing piggyback factor for First-Class single-piece letters, flats and parcels is provided as Attachment 1 to this supplemental response to POIR No. 15, Question 1. The cost for each element of the above formula, revised equation (d1), is shown and the result which is obtained from calculating revised equation (d1) for this case is \$111,984. This is the same cost shown on revised page 3 of USPS LR-H-77 in column 14, row 1, which is being filed concurrently.

⁵The unrevised equation (d1) differs from that given above only in the terms (line 12+line 13+line 14) and (line 3+line 13+line 14). To obtain the unrevised equation (d1), replace these terms with mail processing labor costs, component 035, by product. This would cause the third term for office space costs to be zero, leaving the first two terms.

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Calculation of the Cleaning and Protection Costs for
First-Class Single-Piece Letters, Flats and Parcels
for the Base Year Mail Processing Piggyback Factor
Using the Appendix One Formula (d1)

Variable Names	Data from Witness Alexandrovich, USPS-T-5 and LR-H-77	Sources:
N1044	11,557,546	USPS-T-5, WP A-3, page 42.
D944	\$ 2,996,626	USPS-T-5, WP A-3, page 16.
1097	13,422,273	See page 2 of this attachment.
D1099	100,000,000	USPS-T-5, WP A-3, page 46.
N1047	7,131,611	USPS-T-5, WP A-3, page 42.
N074	\$ 751,687	USPS-T-5A, page 36.
D947	\$ 38,798,106	USPS-T-5, WP A-3, page 16.
line 12	\$ 5,552,805	USPS LR-H-77, revised page 3, column 11, row 1
line 13	\$ 13,930	USPS LR-H-77, revised page 3, column 12, row 1
line 14	\$ 88,236	USPS LR-H-77, revised page 3, column 13, row 1
line 3	\$ 10,864	USPS LR-H-77, revised page 2, column 4, row 1

Cleaning and Protection Costs Based on above inputs:

\$ 111,984

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Calculation of Component 1097 for
First-Class Single Piece Letters, Flats & Parcels

Component	Data from Witness Alexandrovich, USPS-T-5, WP A-3, pages 27 to 46.
1099	20,550,941
1001	1,695,921
1002	
1003	
1010	8,300
1039	1,887,150
1040	276,830
1041	460
1044	1,502,132
1046	
1047	1,634,278
1048	123,597
1049	
1050	
1051	
1053	
Total 1001 to 1053	7,128,668
1099 - Total 1001 to 1053 = 1097	
1097	13,422,273

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2. Attachment one is a table showing the TYBR segment 11 cleaning and protection piggyback costs from LR-H-77, by class of mail. The sum total of these costs are compared to the cleaning and protection costs from witness Patelunas, Workpaper E, Table C at 9-10.

Please explain how the sum total of the piggyback cleaning and protection costs from LR-H-77 for some subclasses of mail can be greater than the total cleaning and protection costs estimated by the roll forward model for those subclasses of mail.

Response:

The sum total of the piggyback cleaning and protection costs from USPS LR-H-77 exceeds the costs estimated by the roll forward model for some subclasses because of an error in the H-77 calculation of the test year mail processing piggyback factors, which is described below. The sum total of the piggyback cleaning and protection costs should be equal to or less than the costs estimated by the roll forward for all subclasses. The former are less than, rather than equal to, the latter because the six functional areas included in these piggyback factors do not include all the activities utilizing space, as discussed below. Correction of the H-77 calculation of the mail processing piggyback factors restores the expected relationship between piggybacked and roll forward costs, as shown below.

The error in the mail processing piggyback factor calculation is contained in both the base year and test year piggyback factors as originally filed in USPS LR-H-77, pages 1 and 41. It is due to an error in two lines of the SAS program. This error leads to an overstatement of the cleaning and protection costs associated with employee facilities, which is the second step of the calculation of

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cleaning and protection costs described in response to POIR No. 15, Question 1. This error also affects the other facility-related costs developed in the USPS LR-H-77 mail processing piggyback factors. Correcting this error⁶ reduces the cleaning and protection costs, as well as all the other space related costs, contained in the mail processing piggyback factors in Part I of LR-H-77. This reduces the base year and test year mail processing piggyback factors contained in Part I of LR-H-77, as discussed further below.

In responding to this question, we also found an additional error related to the calculation of facility space-related costs for the piggyback factors in part I of LR-H-77: the formulas in original Appendix One for the facility related costs for employee facility space and office space did not include all the relevant costs. This latter error causes a small understatement of facility space related costs associated with all the piggyback factors which are listed in Attachment One (from the PRC) to this question.⁷ Correcting this error leads to the revisions in several formulas (DK1, DK2, DK5, and DK6) of Appendix One and to the related SAS code. This results are very small increases in the space related costs contained in these piggyback factors.

⁶ Specifically, to amend the SAS program so that the mail processing piggyback factors are consistent with the original (unrevised) Appendix One of the Partial Response of the USPS to ANM/USPS-1-17 (Tr. 19A, 8575-76), formulas (d1) and (d2), the following changes should be made on page 15 of original USPS LR-H-77. On line 316, substitute "COMP(.17)" for "COMP(.15)." On line 318, substitute "COMP(.17)" for "COMP(.16)." However, as discussed below, further revisions to the SAS program are needed because of revisions made to Appendix One which are being filed concurrently.

⁷ This error does not cause or contribute to the negative difference in column 9 of Attachment One to this question.

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Except for the base year and test year mail processing piggyback factors, the change in the piggyback factors to correct the errors described above is *de minimus*. Pages 1 and 2 of Attachment Two to this response (provided by USPS), show the corrected Base Year and Test Year mail processing piggyback factors, which generally decline about one to three percent from those provided in the originally filed USPS LR-H-77 (pages 1 and 41).⁸ The reduction in the piggyback factors is the largest for those subclasses for which there is a negative difference shown in column 9 of Attachment One (provided by the PRC) to this question. Applying the revised USPS LR-H-77 piggyback factors lowers the resulting unit costs one to three percent.⁹ Errata to LR-H-77 are being filed concurrently with this POIR response.

⁸ The mail processing piggyback factors for special services decline by as much as eight percent, as in the case for registry. However, it does not appear that the mail processing piggyback factors for special services are utilized in cost studies.

⁹We have been able to determine that these piggyback factors are used in the following cost studies: 1. mail processing unit costs by shape in USPS LR-H-106, which is incorporated into my testimony USPS-ST-45; 2. Witness Nelson's testimony, USPS-T-19, Exhibit USPS-T-19D, page 3 for Express Mail delivery related cost per piece; 3. Witness Crum's testimony, USPS-T-28, Exhibit USPS-T-28C for outgoing mail processing costs at non-BMC facilities avoided by DBMC parcel post; and 4. LR-H-107, for the following special services costs – Address Correction Service, Certificate of Mailing, Correction of Mailing List, Insurance, Merchandise Return, and Zip Coding of Mailing List.

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Attachment three to this response (provided by USPS), is a modified attachment one (provided by PRC). Attachment three compares the cleaning and protection costs in the revised LR-H-77 piggyback factors to the roll forward costs. It shows that there is no longer any subclass for which the piggyback cleaning and protection costs exceed the roll forward cleaning and protection costs. The cleaning and protection piggybacked costs are less than the total included in the roll forward because of the portion of these costs related to postmasters, claims and inquiry, and post office box space, as discussed below.

Attachment One (PRC) and Attachment Three (USPS) show the roll forward cleaning and protection costs to be much higher than the cleaning and protection costs contained in the piggyback factors for the category listed alternatively as "LOCK & CALL BOX" in Attachment One and "POST OFFICE BOX" in Attachment Three. The roll forward costs are higher because none of the piggyback factors, including those for window service, include the cleaning and protection costs for the space associated with the post office boxes themselves.¹⁰ The cleaning and protection costs for this space accounts for most all of the remaining difference.

¹⁰The window service piggyback factor for Post Office Boxes is for the window portion of the costs at plants and delivery units, not all post office box costs.

	Segment 11 Cleaning & Protection piggyback costs from LR-H-77						Total TYBR Seg. 11 Clean &		
	MP (1)	WS (2)	CDC (3)	VSD (4)	SDM (5)	RC (6)	TOTAL (7)	Prot. Costs (8)	Difference (9)
1-LETTERS&PARCELS	120,954	14,113	17,041	195	7	2,519	154,829	157,964	3,135
-PRESORT LET&PAR	31,945	656	8,600	125	3	2,368	43,697	46,157	2,460
-PRIVATE CARDS	2,741	929	817	1	-	168	4,656	4,972	316
-PRESORT PRI CDS	1,137	28	392	-	-	122	1,679	1,805	126
PRIORITY	24,821	1,421	1,486	143	14	131	28,016	26,714	(1,302)
EXPRESS	4,535	739	297	9	589	45	6,214	6,070	(144)
MAILGRAM	1	-	2	-	-	-	3	4	1
2-IN COUNTY	477	14	242	15	-	119	867	898	31
-REGULAR RATE	15,909	64	2,271	205	-	940	19,389	19,024	(365)
-NONPROFIT	2,597	6	585	40	-	286	3,514	3,543	29
-CLASSROOM	162	-	16	1	-	7	186	180	(6)
3-SINGLE PIECE	2,819	78	307	3	-	11	3,218	3,118	(100)
-BRR CAR PRESORT	10,475	181	7,872	266	-	2,439	21,233	22,690	1,457
-BRR OTHER	53,225	720	8,458	263	-	2,932	65,598	65,283	(315)
-BRNP CAR PRESORT	1,082	28	498	13	-	125	1,746	1,817	71
-BRNP OTHER	10,885	250	1,861	43	-	644	13,683	13,737	54
4-ZONE RATE PARCELS	9,656	196	549	179	-	94	10,674	9,967	(707)
-BND PRNTD MATTER	3,900	20	681	94	-	96	4,791	4,604	(187)
-SPECIAL RATE	3,809	97	337	34	-	46	4,323	4,066	(257)
-LIBRARY RATE	770	3	54	4	-	11	842	785	(57)
USPS PENALTY	2,065	338	111	7	-	11	2,532	2,531	(1)
FREE FOR BLIND	471	6	35	3	-	6	521	490	(31)
INTERNATIONAL MAIL	5,860	665	248	37	94	22	6,926	7,072	146
SS-REGISTRY	4,748	269	62	-	-	17	5,096	4,526	(570)
-CERTIFIED	2,165	1,218	1,033	-	-	513	4,929	5,014	85
-INSURANCE	61	363	28	-	-	25	477	496	19
-COD	156	82	22	-	-	26	286	287	1
-SPECIAL DEL	-	-	1	-	-	-	1	1	-
-MONEY ORDERS	-	2,534	-	-	-	12	2,546	2,677	131
-STAMPED ENVLPS	-	32	-	-	-	-	32	35	3
-SPECIAL HNDLG	18	16	-	-	-	-	34	32	(2)
-LOCK&CALL BOX	-	1,850	3	-	-	-	1,853	70,977	69,124
-OTHER	2,781	187	82	-	-	-	3,050	2,968	(82)
TOTAL ATTRIBUTABLE	320,225	27,103	53,991	1,680	707	13,735	417,441	490,504	73,063

Sources:

All Segment 11 Cleaning & Protection piggyback costs from USPS LR-H-77:

- Col. 1 MP: Col. 14, P. 43
- Col. 2 WS: Page 63
- Col. 3 CDC: Page 82
- Col. 4 VSD: Page 105
- Col. 5 SDM: Page 121
- Col. 6 RC: Page 140

USPS-T-15, Col. 8-Col. 7
W/P E, Table C
Page 9-10

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MAIL PROCESSING PIGGYBACK RATIOS AS REVISED 3/16/98

BASE YEAR 1996

OBS	--CLASSES-- SUBCLASSES SPEC.-SVCS	PIGGYBACK -RATIOS-
1	FIRST-CLASS:-LTRS.& PCLS.	1.53588
2	-PRESORT LTRS. & PCLS.	1.57943
3	-POSTAL CARDS	.
4	-PRIVATE POST CARDS	1.49863
5	-PRESORT PRVT P CARDS	1.51643
6	TOTAL FIRST-CLASS MAIL	1.54269
7	PRIORITY MAIL	1.49323
8	EXPRESS MAIL	1.51142
9	MAILGRAMS	1.25316
10	SECOND-CL: WITHIN COUNTY	1.43932
11	OUTSIDE THE COUNTY:	.
12	REG. RATE PUBLICATIONS	1.47939
13	NONPROFIT PUBLICATIONS	1.48464
14	CLASSROOM PUBLICATIONS	1.48070
15	TOTAL SECOND-CLASS MAIL	1.47909
16	THIRD-CLASS: SINGLE PIECE	1.54667
17	B.R.REG. CARR.PRESORT	1.53223
18	B.R.REG. OTHER	1.51991
19	TOTAL BULK RATE REGULAR	1.52172
20	B.R.NONP.CARRIER PRESORT	1.54590
21	B.R.NONP.OTHER	1.50567
22	TOTAL BULK RATE NONPROF.	1.50861
23	TOTAL THIRD-CLASS MAIL	1.52030
24	FOURTH-CLASS: ZONE RATE	1.65188
25	BOUND PRINTED MATTER	1.64091
26	SPECIAL FOURTH CL. RATE	1.69552
27	LIBRARY RATE	1.64704
28	TOTAL FOURTH-CLASS MAIL	1.65842
29	USPS PENALTY MAIL	1.47210
30	FREE MAIL	1.57671
31	INTERNATIONAL MAIL	1.50478
32	TOTAL ALL MAIL	1.53361
33	SPECIAL SERVICES:-REGISTRY	2.48766
34	-CERTIFIED	1.77118
35	-INSURANCE	1.61209
36	-C.O.D.	1.74971
37	-SPECIAL DELIVERY	3.40631
38	-MONEY ORDERS	.
39	-STAMPED ENVELOPES	.
40	-SPECIAL HANDLING	1.71612
41	-POST OFFICE BOX	.
42	-OTHER	1.54278
43	TOTAL SPECIAL SERVICES	1.73127
44	TOTAL ATTRIBUTABLE	1.53589

ATTACHMENT TWO (USPS) TO QUESTION 2
PAGE 2

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MAIL PROCESSING PIGGYBACK RATIOS AS REVISED 3/16/98

TEST YEAR

OBS	--CLASSES-- SUBCLASSES SPEC.-SVCS	PIGGYBACK -RATIOS-
1	FIRST-CLASS:-LTRS.& PCLS.	1.56054
2	-PRESORT LTRS. & PCLS.	1.59619
3	-POSTAL CARDS	.
4	-PRIVATE POST CARDS	1.52835
5	-PRESORT PRVT P CARDS	1.53168
6	TOTAL FIRST-CLASS MAIL	1.56655
7	PRIORITY MAIL	1.53508
8	EXPRESS MAIL	1.52433
9	MAILGRAMS	1.28619
10	SECOND-CL: WITHIN COUNTY	1.46618
11	OUTSIDE THE COUNTY:	.
12	REG. RATE PUBLICATIONS	1.50567
13	NONPROFIT PUBLICATIONS	1.51381
14	CLASSROOM PUBLICATIONS	1.50784
15	TOTAL SECOND-CLASS MAIL	1.50576
16	THIRD-CLASS: SINGLE PIECE	1.57071
17	B.R.REG. CARR.PRESORT	1.54879
18	B.R.REG. OTHER	1.55125
19	TOTAL BULK RATE REGULAR	1.55089
20	B.R.NONP.CARRIER PRESORT	1.57400
21	B.R.NONP.OTHER	1.54072
22	TOTAL BULK RATE NONPROF.	1.54325
23	TOTAL THIRD-CLASS MAIL	1.55033
24	FOURTH-CLASS: ZONE RATE	1.70702
25	BOUND PRINTED MATTER	1.67144
26	SPECIAL FOURTH CL. RATE	1.72837
27	LIBRARY RATE	1.67559
28	TOTAL FOURTH-CLASS MAIL	1.70153
29	USPS PENALTY MAIL	1.48843
30	FREE MAIL	1.60985
31	INTERNATIONAL MAIL	1.54779
32	TOTAL ALL MAIL	1.56071
33	SPECIAL SERVICES:-REGISTRY	2.81491
34	-CERTIFIED	1.78969
35	-INSURANCE	1.63769
36	-C.O.D.	1.80722
37	-SPECIAL DELIVERY	.
38	-MONEY ORDERS	.
39	-STAMPED ENVELOPES	.
40	-SPECIAL HANDLING	1.78795
41	-POST OFFICE BOX	.
42	-OTHER	1.56947
43	TOTAL SPECIAL SERVICES	1.78313
44	TOTAL ATTRIBUTABLE	1.56320

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	<u>Segment 11 Cleaning & Protection piggyback costs from LR-H-77</u>						Total TYBR Seg 11 Clean &		
	<u>Corrected</u> MP (1)	WS (2)	CDC (3)	VSD (4)	SDM (5)	RC (6)	TOTAL (7)	Prot. Costs (8)	Difference (9)
1-LETTERS&PARCELS	115,093	14,113	17,041	195	7	2,519	148,968	157,964	8,996
-PRESORT LET&PAR	30,283	656	8,600	125	3	2,368	42,035	46,157	4,122
-PRIVATE CARDS	2,683	929	817	1	-	168	4,598	4,972	374
-PRESORT PRI CDS	1,096	28	392	-	-	122	1,638	1,805	167
PRIORITY	22,463	1,421	1,486	143	14	131	25,658	26,714	1,056
EXPRESS	4,094	739	297	9	589	45	5,773	6,070	297
MAILGRAM	1	-	2	-	-	-	3	4	1
2-IN COUNTY	444	14	242	15	-	119	834	898	64
-REGULAR RATE	14,736	64	2,271	205	-	940	18,216	19,024	808
-NONPROFIT	2,413	6	585	40	-	286	3,330	3,543	213
-CLASSROOM	150	-	16	1	-	7	174	180	6
3-SINGLE PIECE	2,623	78	307	3	-	11	3,022	3,118	96
-BRR CAR PRESORT	9,662	181	7,872	266	-	2,439	20,420	22,690	2,270
-BRR OTHER	49,551	720	8,458	263	-	2,932	61,924	65,283	3,359
-BRNP CAR PRESORT	1,000	28	498	13	-	125	1,664	1,817	153
-BRNP OTHER	10,214	250	1,861	43	-	644	13,012	13,737	725
4-ZONE RATE PARCELS	8,657	196	549	179	-	94	9,675	9,967	292
-BND PRINTED MATTER	3,527	20	681	94	-	96	4,418	4,604	186
-SPECIAL RATE	3,428	97	337	34	-	46	3,942	4,066	124
-LIBRARY RATE	697	3	54	4	-	11	769	785	16
USPS PENALTY	1,951	338	111	7	-	11	2,418	2,531	113
FREE FOR BLIND	431	6	35	3	-	6	481	490	9
INTERNATIONAL MAIL	5,524	665	248	37	94	22	6,590	7,072	482
SS-REGISTRY	4,092	269	62	-	-	17	4,440	4,526	86
-CERTIFIED	1,899	1,218	1,033	-	-	513	4,663	5,014	351
-INSURANCE	54	363	28	-	-	25	470	496	26
-COD	136	82	22	-	-	26	266	287	21
-SPECIAL DEL	-	-	1	-	-	-	1	1	-
-MONEY ORDERS	-	2,534	-	-	-	12	2,546	2,677	131
-STAMPED ENVLPS	-	32	-	-	-	-	32	35	3
-SPECIAL HNDLG	15	16	-	-	-	-	31	32	1
-POST OFFICE BOX	-	1,850	3	-	-	-	1,853	70,977	69,124
-OTHER	2,565	187	82	-	-	-	2,834	2,968	134
TOTAL ATTRIBUTABLE	299,482	27,103	53,991	1,680	707	13,735	396,698	490,504	93,806

Sources:

All Segment 11 Cleaning & Protection piggyback costs from revised USPS LR-H-77:

Col. 1 MP: Col. 14, P. 43

Col. 2 WS: Page 63

Col. 3 CDC: Page 82

Col. 4 VSD: Page 105

Col. 5 SDM: Page 121

Col. 6 RC: Page 140

USPS-T-15, Col. 8-Col. 7
W/P E, Table C
Page 9-10

DECLARATION

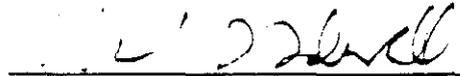
I, Marc A. Smith, hereby declare under penalty of perjury, that the foregoing Docket No. R97-1 POIR responses are true to the best of my knowledge, information and belief.

Marc A. Smith
Marc. A Smith

3/18/98
Date

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
March 18, 1998